

14. A Gender Perspective of Budgetary Slack in East Java Local Government

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Abstract

The aspect of ethical behavior has attracted attention many researchers, following a spate of corporate collapses. Budgetary slack is a phenomenon in behavioral budgeting, if it does not control, it could lead to unproductive resource's allocation. This study examined education, training and experience as factors that influenced of ethical behavior in budgetary slack and scrutinized it from gender perspective. The object of this research was public offices in local government in East Java Province.

The research found that ethical behavior has a positive significant influence in budgetary slack. Another finding is that males and females have differences in budgetary slack ethical behavior.

Keyword: Ethics, budgetary slack, gender, public sector

1. Introduction

The curiosity to know the causes of unproductive individuals in the achievement of performance has become a central concern of many people. Within a study the accounting, budgetary slack has long been a focus.

Budgetary slack is the process that occurs when planning the budget, which when individuals are involved in budget making will tend to overestimate the cost or to underestimate the revenue. In addition, magnitude of budgetary slack will result in an unproductive use of resources so that it will harm the overall organization.

Factors that affecting budgetary slack was environmental, organizational and individual. The last study showed a tendency to place more emphasis on individual aspects such as done by Stevens (1996); Douglas & Wier (2000); Blanchette et al., (2002). They focused on the importance of ethics or morals.

Research on ethics in budgetary slack showed different findings. Stevens (1996) found that subordinate associate slack as misrepresentation or dishonesty that suppressed subordinate to reduce slack. Instead, Blanchette et al., (2002) found that subordinates consider budgetary slack is unethical and therefore, contributes positively. Thus, tend to increase budgetary slack. The Douglas & Wier, (2000) found that the ethical position is relative depending on the perception of subordinates; subordinates tend to raise the Relativist budgetary slack while the idealist subordinates tend to reduce the slack.

Ethics known as values, norms adopted individual sees the problem as something good or bad, honest or dishonest. Many factors affect individual ethical considerations. Kohlberg (1969) states the individual's moral development is determined by the phases of life, which means including age, gender, environmental influences.

According to gender perspectives, research ethics conclude different findings. Furthermore, Dawson, 1997, said that women are more ethical than men are. Although Cortese in Perryer, 2002, found that ethic is not significant according to their gender.

Ethic has not been much research on public organizations primarily associated with a gender perspective. In Indonesia, the development of working women is increasing. According to Budiyo (2001), the ratio of labor-force participation of male and female are 0.54 on the institutions of government. It shows there were 54 women among the 100 workers labor, which is quite large. Women also have a good career in government, as evidenced by the increasing number of women officials. Even a strategic position such as president, minister or regent is not a dream anymore for women.

2. Previous Research

Budgetary slack is a phenomenon in the context of agency theory. Jensen and Meckling in Mayper, et al., (1991) states that in a relationship between a principal and agent, where the agent acting for the interests of its principals, at some point if the goals of principal and agent are not aligned, then the agent will tend to perform his will to achieve its goals its own. If this happens in the budgeting, it is known as the budgetary slack (Moore et al., 2000).

Dunk and Perera (1997) state that the dominant variables affecting budgetary slack budget or not the participation of asymmetry of information but individual factors (personal).

Syakhroza (2003), states that the gap that occurred in the implementation of the budget is because the employee did not have enough knowledge and training required. Furthermore, the emphasis those individuals have specific attributes. Educational qualification held

Advantages over others in a budgetary process. It is obvious that the budget process requires the involvement and participation of employees. The effectiveness of budgeting itself is associated with the capabilities of individuals involved.

Individual capacity essentially formed from the educational process in general, either through formal education, non-formal and informal. Individuals who are qualified individuals who have knowledge. Involved in the budgeting process, then the individual who has enough knowledge to be able to allocate resources optimally, and thus can reduce budgetary slack. Ethic is a discussion about something based on rules of behavior "right - wrong," "good - bad," or "right - not" (Chandra, 1995).

Douglas & Wier (2000) and Blanchette et al., (2002) budgetary slack can be viewed as something positive (ethical) or negative (non-ethical). Managers seek to satisfy their interests and lead to rising costs of the organization (Stevens, 1996, 2000). Therefore, managers are morally assessing the budgetary slack as something negative or non-ethical. In contrast, Cyert and March (1963), Merchant (1985) and Belkaoui (1989) argue that the presence of budgetary slack managers became more creative, freer to perform its operational activities, able to anticipate the uncertainties that they morally evaluate budgetary slack as something positive or ethical.

Further study of Douglas & Wier (2000) found evidence that the ethical position, given opportunity and other incentives to create budgetary slack helps to explain individual behavior creation. It is obvious that the ethical position subordinate will influence his decision to create budgetary slack.

Browning & Zabinski in Ford & Richardson (1994) argue that managers with higher-education gifts viewed as unethical. Trevino (1992), ethics and morality can be improved through education and training. Furthermore, Candee in Trevino (1992) stated educational interventions could influence other aspects of moral decision.

Ford & Richardson (1994), convinced that they ¹with more years employed tended to exhibit responses that are more ethical. Barkwosky & Ugras (1992), ethical positions seem to change with age, but no single factor identified as causing this change.

These differences may be due to idealism on the part of the former groups, or experience from their employment for the latter. DuPont & Craig (1996) found ¹experience as the variable affecting the changes in student ethical responses.

Some literature states that the men - men and women differ in terms of trust and resolve ethical and moral dilemmas. Dawson (1997) states that the men tend to consider the rules, rights and fairness, while women pay more attention to relationships, compassion and caring. This difference is a result of gender socialization in childhood. Boys play with games that emphasize competition, hard with strict rules, while girls play with indirect competition.

Empirical studies of ethics in which gender perspectives produce conflicting findings. Peterson et al. (2001) found no significant difference. Betz O. Connell and Sheppard (1989) concluded that ¹men more than twice as likely to engage in unethical behavior. Ricklets in Richmond (2001), also states that the gender differences in ethical judgments may exist with women being more ethical than men are. Gilligan, 1977 believe that the difference is because women tend to want to notice and do not want to hurt others while males - males are more justice-based.

Based approach to gender socialization, men - men tend to have less ethical behavior because they are more focused on success in competition and could have violated the rules for success. Conversely, women are more task-oriented, so it will be more focus to complete the task without having to break the rule.

3. Hypotheses

H1. Allegedly, education, training and experience affect the ethical to behave towards budgetary slack.

H2: Women tend to look at budgetary slack as something unethical than man.

4. Research Method

This study is a survey research for taking a sample from a population and use the questionnaire as the principal means of data collection.

4.1. Population and Sample

The population was all civil servants in the city and county governments in East Java. Sampling technique used was purposive sampling, with consideration of different characteristics of the district and city, and then each selected four cities and two districts in order to represent the characteristics of each region. The municipals chosen are Surabaya, Malang, Pasuruan and Mojokerto.

The unit of analysis is the study of individual budget makers who are in Department of Education, Department of Revenue, Planning and Regional Development Agency and the Secretariat of the City. All officials both from echelon to echelon II until IV are involved in the process of budget planning. Thus, the number of samples is 719. Of the deployment process questionnaires, 329 questionnaires returned for the fruit and only 249 complete questionnaires used in the analysis.

4.2. Data Analysis Techniques

To perform verification ³ of the hypothesis, we used ⁶Structural Equation Modeling (SEM). Hair et al. (1992), stating that the SEM is a multivariate analysis technique that combines aspects of multiple regression (examining dependence relationships) and factor analysis (representing concept's immeasurable, factors with multiple variables) to estimate a series of interdependent relationships a number of variables.

This study failed to prove the findings of Kidwell et al., (1987); Ford and Richardson (1994); DuPont and Craig (1996). Individuals who are more experienced tend to show the ethical response. Similarly, the influence of training on ethics, this study did not show significant results. In contrast to the findings of DuPont and Craig (1996) which state that training in this training on business ethics will reduce the individual's ethical orientation.

Not influential in the training of ethics can be explained that the indicators in this study focused on the type of training used in the government, which is about leadership training, technical training and training on the budget. The content of the training itself is still minimal or no insert at all in ethics teaching curricula.

6.2. Ethics Budgetary Slack in a Gender Perspective

Ethics has positive and significant impact on budgetary slack. The findings are consistent with the predictions of the hypothesis. Positive direction of the path coefficients explains that more respondents considered the existence of unethical budgetary slack, the lower the propensity to create budgetary slack. In other words, the respondents considered that budgetary slack is unethical, the greater the propensity to create budgetary slack.

Previous research ethical neighbor the least budgetary slack concludes different findings. Sales manager considers budgetary slack as an ethical act (Blanchette et al., 2002). They tend to create slack for a gap 10% to 80%. While the findings of Stevens (1998) are the opposite, manager of budgetary slack considers as unethical. This study supports research Stevens. Public officials assume that budgetary slack is likely to be unethical.

Research on the budgetary disparities in profit oriented organizations argued as follows. Opinion that budgetary slack is unethical is a representation of dishonesty (Stevens 1996, 2000). Stevens 1998 in Blanchette et al., (2002) also stated that budgetary slack can lead to loss of profit opportunities and increased costs for the organizations. Contrary opinion that budgetary slack something positive or ethical expressed by Blanchette et al., (2002), that the presence of budgetary slack than the manager will be more creative, freer to perform its activities and able to anticipate the existence of uncertainty. Leavins et al., (1997) added that budgetary slack created when the conditions improved economy will help the company's difficulties at the time of worsening economic conditions.

Research on budgetary slack in public sector organization is still rare. Moore et al., (2000) in an exploration research explained that the difficulty level affects the propensity to create budgetary slack (gap). Reason respondent's gap created by the interview is to anticipate the presence of uncertainty due to the characteristics of public budgeting, for example, because tightness of the budget, the budget is based on the law. The revision is only possible after the legalization process that involves the role of legislative regulation. This process is time-consuming and highly bureaucratic.

Observe the influence of ethics on budgetary slack in a gender perspective comparing the significance and factor loading coefficients. There is a tendency to overestimate or underestimate the cost of revenue during the budget planning process.

Also be more closely evaluated the sensitivity of the two groups is different ethics, proved that the factor loading for female's groups factor loading greater than male group. Female have ethical sensitivity higher than male. Support research Ricklets, 1983 that says that the gender differences in ethical judgments may exist with female being more ethical than men are.

Budgetary slack is part of accounting research that focuses on the study of budgeting behavior. There has been no research on gender in the context of budgetary slack. Previous research on behavioral accounting more accountants to discuss ethics itself by the fact that accountants are often faced with ethical issues related to professionalism an independent auditor. Previous research found the female students more ethical than male does. (Ameen et al, 1996, Gilligan, 1997 and Richmond, 2001).

The argument that can explain this is with females more concerned with relationships and likely unless unethical activities. In contrast, males are justice-oriented and are more likely to engage in unethical activities (Richmond, 2001)

7. Summary and Concluding Remarks

Education proved to significantly affect budgetary slack through ethics, whereas no effect of training and experience. According to the perspective of gender, both men and female proved to assume budgetary slack is unethical, so tend to increase budgetary slack. Female have the ethical sensitivity of budgetary slack higher than male.

Budgetary slack is the too large unproductive employee reflected in allocating resources. With proven that ethics have an impact on budgetary slack. Budgetary slack than the control can be done with the socialization of investment ethics and moral values and integrity better in the organization. Evidence that female have a higher ethical sensitivity than males also require a different approach to teaching ethics.

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